

REMARKS

Applicants thank the examiner for the interview with the undersigned held October 30, 2007.

Double Patenting Rejection

Claims 1-4, 6-16, 19-32, 34-37 and 39-41 were provisionally rejected because of obviousness-type double patenting over certain claims of co-pending, co-owned application Serial No. 10/679,054 (“the ‘054 application”). In addition, claims 1-2, 9-10, 13, 15, 20-22, 27, 31, 36 and 41 were provisionally rejected because of obviousness-type double patenting over certain claims of co-pending, co-owned application Serial No. 10/677,172 (“the ‘172 application”). The claims of the present application and the ‘054 and ‘172 applications are currently rejected on other grounds in addition to the non-statutory obviousness-type double patenting rejection. Therefore, applicants request that the double patenting rejection be held in abeyance until it is the only rejection in any of the applications. *See* MPEP § 804.

Section 102 Rejections

In the Office Action, claims 1-3, 10-15, 30 and 41 stand rejected under 35 U.S.C. § 102(e) as being anticipated by published U.S. patent application U.S. Pub. No. 2006/0218069 to Aberman et al. In response, claims 31-40 have been canceled, and claims 42-43 have been added as new claims. Applicants traverse the rejections as follows.

Claim 1 is directed to a financial unit that comprises a fixed income security and a separable forward purchase contract. The forward purchase contract “obligates a holder of the forward purchase contract to purchase a quantity of equity securities from an issuer of the unit at

a settlement price no later than a settlement date specified in the forward purchase contract.”

Claim 1 further discloses that “the quantity of equity securities to be purchased by the holder is determined by dividing the stated amount¹ of the unit by the market price of the equity securities at the date the unit is issued.”

Aberman involves a real estate investment trust (“REIT”) which “issues shares of preferred stock, each of which is associated with either a forward purchase contract...or a warrant.” *See* Aberman at Abstract. In Aberman, however, the forward purchase contract does not require that “the quantity of equity securities to be purchased by the holder is determined by dividing the stated amount of the unit by the market price of the equity securities at the date the unit is issued.”

The Office cites paragraphs [0053-0056] as disclosing that “the quantity of equity securities to be purchased by the holder is determined by dividing the stated amount of the unit by the market price of the equity securities at the date the unit is issued.” *See* Office Action at ¶5, p. 5. Aberman discloses the following in paragraphs [0053-0056]:

[0053]...Each investment unit of the REIT has a stated amount of \$25 per unit and is associated with a 3-year forward purchase commitment, also called a purchase contract, as well as with a preferred share of the REIT. Each purchase contract obligates the holder to buy, on Aug. 17, 2005, for \$25, a number of newly issued shares of common stock of the bank equal to the “settlement rate.” The settlement rate will be calculated as follows

[0054] if the market value of the bank’s common stock is equal to or greater than the \$29.0598, the settlement rate will be 0.8603;

¹ Claim 2 states that “wherein the principal amount of the fixed income security equals the stated amount of the unit.”

[0055] if the market value of the bank's common stock is between \$29.0598 and \$24.42, the settlement rate will be equal to the \$25 stated amount divided by the applicable market value; and

[0056] if the applicable market value is less than or equal to \$24.42, the settlement rate will be 1.0238.

As can be readily seen by reading this passage, Aberman does not disclose a payoff function where "the quantity of equity securities to be purchased by the holder is determined by dividing the stated amount of the unit by the market price of the equity securities at the date the unit is issued." but rather appears to disclose a typical payoff function used in unit structured mandatory convertible securities.

The operation of the payoff function of embodiments of the present invention is illustrated by the example of Figure 5 of the application. In the example of Figure 5 (reproduced below), the payoff function is structured to provide a fixed number of shares of the common stock in all instances, without regard to the price of the common stock at or near the settlement date. This payoff function may equate perfectly to an investment in the common stock.

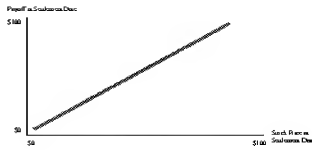


Figure 5

The majority of unit structured mandatory convertible securities use a payoff function where two threshold prices (an upper threshold and a lower threshold) are selected such that after

issuance the holder bears all risk of a decrease in the common stock price, does not benefit from any increase in the common stock price until an upper threshold is reached and thereafter shares a portion of the increase with the issuer. Figure 1 (reproduced below) of the present application is a diagram of a typical payoff function for a conventional unit structured mandatory convertible security.

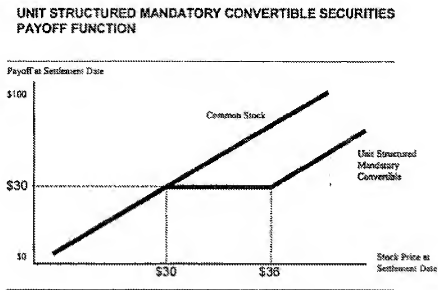


Figure 1

This type of payoff function is typically implemented by setting the lower threshold at the current price of the common stock or some other price (\$30 in the example of Figure 1, or \$24.42 in Aberman) and setting the upper threshold at a specified premium to the current price of the common stock (e.g., a 20% premium over the current price, or \$36 in the example of Figure 1, or \$29.0598 in Aberman). The forward purchase contract then provides that on the settlement date a holder will receive a fixed maximum number of shares if the common stock price is at or below the lower threshold (\$30 in Figure 1, or \$24.42 in Aberman) or a fixed minimum number of

shares if the common stock price is at or above the upper threshold (\$36 in Figure 1, or \$29.0598 in Aberman). The fixed minimum and fixed maximum number of shares are determined by dividing the stated amount of the unit by the upper or lower thresholds, respectively. As disclosed in Aberman, the stated amount of the unit is \$25, the upper threshold is \$29.0598, and the lower threshold is \$24.42. The number of shares is represented by the settlement rates of 0.8603 (e.g., $\$25/\29.0598) and 1.0238 (e.g., $\$25/\24.42). If the common stock price is between the threshold prices (i.e., between \$30 and \$36 in Figure 1, or \$24.42 and \$29.0598 in Aberman) then the holder receives a variable number of shares such that the value of the common stock received is equal to the stated amount of the unit.

Therefore, Aberman fails to disclose at least this element of claim 1 and, therefore, does not anticipate claim 1. Also, by definition, dependent claims 2-12 are also not anticipated by Aberman.

Each of independent claims 13, 42 and 43 are not anticipated by Aberman for at least reasons analogous to those described above with regard to claim 1. Furthermore, dependent claims 2-3, 10-12, 14-15 and 30 are also not anticipated by Aberman.

Section 103 Rejections

Claims 4-9, 16-29 and 31-40 stand rejected under 35 U.S.C. §103(a) as obvious in view of a proposed combination of Aberman and a published U.S. patent application U.S. Pub. No. 2002/0103852 to Pushka.

Claims 4-9 and 16-29 are not obvious in view of Aberman and Pushka. As detailed above, Aberman does not teach or suggest all of the features of independent claims 1 and 13, and

Pushka does not remedy the defects of Aberman. Therefore, claims 4-9 and 16-29 are not obvious in view of the cited references. *See* MPEP § 2143.03 (“If an independent claim is nonobvious under 35 U.S.C. 103, then any claim depending therefrom is nonobvious.” *In re Fine*, 837 F.2d 1071, 5 USPQ2d 1596 (Fed. Cir. 1988)).

Applicants have canceled claims 31-40 thus rendering a discussion of the rejections of these claims under 35 U.S.C. §103(a) as moot.

CONCLUSION

Applicant respectfully submits that all of the claims presented in the present application are in condition for allowance. Applicant’s present Response should not in any way be taken as acquiescence to any of the specific assertions, statements, etc., presented in the Office Action not explicitly addressed herein. Applicant reserves the right to specifically address all such assertions and statements in subsequent responses. Applicant also reserves the right to seek claims of a broader or different scope in a continuation application.

Applicant has made a diligent effort to properly respond to the Office Action and believes that the claims are in condition for allowance. If the Examiner has any remaining concerns, the Examiner is invited to contact the undersigned at the telephone number set forth below so that such concerns may be expeditiously addressed.

Respectfully submitted,



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